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2157 RAYBURN HOUSE OFFICE BUILDING

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MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051
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December 19, 2006

HENRY A. WAXMAN, CALIFORNIA,
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General Benjamin S. Griffin
Commanding General
U.S. Army Materiel Command
9301 Chapek Road
Fort Belvoir, VA 22060-5527

Dear General Griffin:

Yesterday, the Government Accountability Office issued a report entitled *High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*.¹ I am writing to request a briefing on troubling findings from the report that relate to Halliburton's LOGCAP troop support contract in Iraq, which is managed by Army Materiel Command.

GAO's report included several key findings. First, it concluded that "DOD continues to have limited visibility over contractors because information on the number of contractors at deployed locations or the services they provide is not aggregated by any organization within DOD or its components." Second, it concluded that "DOD continues to not have adequate contractor oversight personnel at deployed locations, precluding its ability to obtain reasonable assurance that contractors are meeting contract requirements efficiently and effectively at each location where work is being performed." Third, it found that "[m]ilitary personnel continue to receive little or no training on the use of contractors as part of their pre-deployment training or professional military education."

One example of wasteful spending identified by GAO concerns dining halls in Iraq. According to GAO:

Several officials told us they regularly had contractor personnel unexpectedly show up in Iraq and request support, but were unable to verify what DOD-provided support those contractor personnel were entitled to. As a result, DOD and its components may be providing unauthorized support to contractors.

¹ Government Accountability Office, *High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces* (Dec. 18, 2006) (GAO-07-145).

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GAO estimated the cost of providing one type of unauthorized support: the provision of meals to contractors at dining facilities. GAO reports that "an Army Materiel Command official noted that the Army estimates that it loses about \$43 million every year providing free meals to contractor employees who are also receiving a per diem allowance for food."

The dining halls operated by Halliburton and its subcontractors have already been the source of extensive questioned and unsupported costs. The Defense Contract Audit Agency challenged \$212 million in Halliburton dining hall costs, largely because Halliburton charged the Army based on estimates of how many individuals would eat at the dining halls rather than on how many people actually ate there.² This history of inflated costs calls for more vigilance and accountability from the Army, not less.

I request a briefing from Army Materiel Command on the problems identified in the GAO report. I would like to understand how the Army gauged the magnitude of this problem and estimated the excess costs, what procedures currently are in place to prevent these unwarranted contractor payments, what efforts have been made to recover unjustified contractor payments, and what measures the Army intends to take to ensure that taxpayer funds are not wasted in the future.

Sincerely,

A handwritten signature in dark ink, appearing to read "Henry A. Waxman", written in a cursive style.

Henry A. Waxman
Ranking Minority Member

² Briefing by Defense Contract Audit Agency for Committee on Government Reform staff (Mar. 3, 2006).